

Message Text

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PASS AGRICULTURE/FAS

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SUBJECT: TENTH FIVE-YEAR PLAN GOALS FOR AGRICULTURE

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1. OUR PRELIMINARY EVALUATION OF THE BASIC AGRICULTURAL DIRECTIVES OF THE TENTH FIVE-YEAR PLAN (1976-80) IDENTIFIES THREE PRIORITY AREAS -- (1) INCREASING AVERAGE ANNUAL GRAIN PRODUCTION TO 215-220 MILLION TONS; (2) ACCELERATING THE GROWTH OF PRODUCTIVE CAPITAL INVESTMENTS; (3) IMPROVING FARM LABOR PRODUCTIVITY.

2. AVERAGE GROSS ANNUAL PRODUCTION IS PLANNED TO INCREASE 14-17 PERCENT OVER THE ANNUAL AVERAGE OF THE PREVIOUS FIVE YEARS. BUT THE PRIMARY EMPHASIS IS ON GRAIN PRODUCTION AND ITS IMPORTANCE FOR SUSTAINING AGRICULTURAL GROWTH. THE FOCUS ON GRAIN OVER LIVESTOCK NOT ONLY POINTS TO THE BASIC PROBLEM AREA OF SOVIET AGRICULTURE, BUT IT ALSO SUGGESTS LIMITED GAINS IN THE PER CAPITA CONSUMPTION OF MEAT AND DAIRY PRODUCTS IF THE GRAIN PROBLEM IS NOT RESOLVED.

3. IF ACHIEVED, THE PLANNED AVERAGE ANNUAL GRAIN PRODUCTION OF 215-220 MILLION TONS WILL BE ABOUT 20 PERCENT OVER THE MORE THAN 180 MILLION TON AVERAGE CLAIMED FOR 1971-75. THE "OVER 180 MILLION TON AVERAGE" CONFIRMS A 1975 GRAIN PRODUCTION OF ABOUT 135 MILLION TONS. WHAT THE SOVIETS ARE PROJECTING IS AN AVERAGE ANNUAL INCREASE OF 37 MILLION TONS OVER THE PREVIOUS FIVE-YEAR AVERAGE WHICH, WE BELIEVE, PUTS A RESTRICTION ON RESERVES AND WHICH EVEN DEFIES ECONOMIC OPTIMISM. WE WOULD PRESUME SOME SCALING DOWN OF PRODUCTION WILL OCCUR AS THE PLAN GETS UNDER WAY. COMPARATIVE ANNUAL PRODUCTION TARGETS FOR MAJOR REPUBLICS SHOW (1) A 123-126 MILLION TONS AVERAGE FOR THE RSFSR; (2) 46-48 MILLION AVERAGE FOR THE UKRAINE; (3) 25-27 MILLION AVERAGE FOR KAZAKHSTAN. PUT IN PERSPECTIVE, IT SUGGESTS THAT IN EVERY YEAR DURING 1976-80, PRODUCTION SHOULD AT LEAST MATCH THE BUMPER 1973 HARVEST. WHILE SERIOUS DOUBT EXISTS ABOUT THE FEASIBILITY OF MEETING THESE PLANS, WE WOULD CONCLUDE THAT THE GOALS ARE INDICATIVE OF ABSOLUTE NEEDS. WE ALSO BELIEVE THAT THE LIVESTOCK SECTOR AND GRAIN RESERVE PROGRAMS WILL CLAIM A FIRST PRIORITY ON USE.

5. TOTAL AVERAGE ANNUAL INVESTMENT FOR THE AGRICULTURAL SECTOR (INCLUDING HOUSING, HOSPITALS AND SCHOOLS) IS PLANNED TO REACH 171.7 BILLION RUBLES -- 31 PERCENT ABOVE THE 131 BILLION TOTAL FOR THE NINTH FIVE-YEAR PLAN. PRODUCTIVE INVESTMENT DURING 1971-75 REPORTEDLY REACHED 98 BILLION RUBLES, AND WE WOULD JUDGE THAT LIMITED OFFICIAL USE

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THIS LEVEL WOULD BE EXCEEDED DURING 1976-80. THE MAJOR SHARE OF PRODUCTIVE INVESTMENT IS ASSIGNED TO IMPROVING IRRIGATION FACILITIES IN THE DRY GRAIN AREAS OF THE VOLGA, NORTH CAUCASUS, UKRAINE AND KAZAKHSTAN; DRAINING AND RECLAIMING AREAS IN THE NON BLACK SOIL ZONE AND IMPROVING PASTURES THROUGHOUT THE COUNTRY. ADDITIONALLY, LARGER MATERIAL INPUTS -- FERTILIZER, PESTICIDES AND HERBICIDES ARE PLANNED TO SUPPLEMENT FIXED CAPITAL INVESTMENTS.

6. MINERAL FERTILIZER AVAILABILITY, FOR EXAMPLE, WILL INCREASE TO 115 MILLION TONS BY 1980, COMPARED TO 75 MILLION TONS APPLIED IN 1975. PESTICIDES WILL INCREASE TO 628,000 TONS AND HERBICIDES TO 245,000 TONS. MEETING THESE NEEDS WILL PUT A HEAVY STRAIN ON THE CHEMICAL INDUSTRY.

7. TO STIMULATE HIGHER PRODUCTION, THE PARTY AND PLANNERS HAVE CHALLENGED FARM WORKERS TO INCREASE LABOR PRODUCTIVITY 27-30 PERCENT OVER THE AVERAGE ANNUAL LEVEL ACHIEVED IN 1971-75. WHILE THERE IS A PROPOSAL TO RAISE COLLECTIVE FARM WAGES BY 25 PERCENT, THE SLOW OUTFLOW OF LABOR OBSERVED DURING PREVIOUS TIME SPANS, THE AGING LABOR FORCE AND APPARENT GAPS IN TRAINING AND SKILLS POSE LIMITATIONS ON THIS EXPECTED RATE OF INCREASE. WE HAVE ALSO LITTLE DOUBT, HOWEVER, ABOUT THE URGENCY TO MEET THIS GOAL. THE CONTINUED PLANNED GROWTH OF MACHINE INVENTORIES THROUGH 1980 ATTESTS TO THE PRIORITY. PLANS THROUGH 1980 CALL FOR THE DELIVERY OF 1,900,000 TRACTORS, 1,350,000 TRUCKS AND AUTOMOBILES, 538,000 GRAIN COMBINES AND 1,580,000 TRACTOR TRAILERS. AGRICULTURAL MACHINE INVESTMENT WILL AMOUNT TO 23 BILLION RUBLES OF WHICH 10.3 MILLION WILL BE USED FOR LIVESTOCK AND FEED UNITS.

8. SIGNIFICANT TO AGRICULTURAL OBJECTIVES ARE THE SCALED DOWN LIVESTOCK PRODUCTION GOALS OF THE CURRENT PLAN COMPARED TO 1971-75. THE ANNOUNCED GOALS FOR 1976-80 INDICATE AN AVERAGE ANNUAL PRODUCTION OF 15 TO 15.6 MILLION TONS OF MEAT (SLAUGHTER WEIGHT), 94-96 MILLION TONS OF MILK AND 58-61 BILLION EGGS. THIS WOULD TRANSLATE INTO A NINE PERCENT INCREASE FOR MEAT; SEVEN FOR MILK; AND AN ESTIMATED 16 PERCENT FOR EGGS OVER THE REVISED 1971-75 PLANS. BUT WHEN COMPARED TO THE ABSOLUTE ANNUAL AVERAGE INCREASE OF 20 PERCENT FOR MEAT (14.1 MILLION TONS), NINE PERCENT INCREASE FOR MILK (87.5 MILLION TONS) AND ESTIMATED 78 PERCENT INCREASE FOR EGGS DURING 1971-75, THE PROJECTED LIMITED OFFICIAL USE

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SLOWDOWN IN THE LIVESTOCK SECTOR REFLECTS A REAL AWARENESS OF FEED REQUIREMENTS AND/OR IS MORE INDICATIVE OF POSSIBLE GROWTH UNDER MORE REALISTIC GRAIN TARGETS.

9. OTHER COMMODITY PRODUCTION GOALS FOR 1980 REFLECT VARYING DEGREES OF CONSUMER EMPHASIS. COTTON OUTPUT IS PLANNED TO BE NO LESS THAN NINE MILLION TONS BY 1980. AVERAGE OUTPUT DURING 1971-75 WAS REPORTED AS 7.7. MILLION TONS AND SUGGESTS A FINAL 1975 OUTTURN OF 8.0 MILLION TONS. SUGARBEET PRODUCTION IS EXPECTED TO AVERAGE 95-98 MILLION TONS A YEAR, WHICH WOULD BE A SIZEABLE INCREASE OVER ATTACHE'S ESTIMATED 78 MILLION TON AVERAGE FOR 1971-75. WE WOULD JUDGE THIS 24 PERCENT INCREASE IS IN RESPONSE TO A STRONG GROWTH IN CONSUMPTION AND/OR POSSIBLE CUTBACK IN IMPORTS FROM CUBA. NO OTHER FIRM COMMODITY DATA WERE REPORTED, BUT IT WAS STATED THAT EFFORTS WILL BE MADE

TO PROVIDE FOR CONTINUOUS GROWTH IN THE PRODUCTION OF FLAX,
OILSEEDS -- ESPECIALLY SUNFLOWER--SOYBEANS AND CASTORBEANS AND
TOBACCO.

10. CONSUMER DEMAND POSTURE FOR AGRICULTURAL PRODUCTS MAY ALSO
BE JUDGED FROM ANNOUNCED 1976-80 PROCUREMENT PLANS WHICH SUGGEST
ANNUAL AVERAGES THAT MATCH EXPECTED GROWTH IN PRODUCTION (TABLE 1.)
THE NINETY MILLION TON AVERAGE FOR GRAIN, FOR EXAMPLE, COINCIDES
WITH THE NINETY MILLION TONS PROCURED IN 1973--A YEAR WHEN THE
SOVIETS PRODUCED 222.5 MILLION TONS.

TABLE 1.
AVERAGE ANNUAL PROCUREMENT OF SPECIFIED AGRICULTURAL PRODUCTS
1976-1980

GRAIN	90.0 MILLION TONS
SUGARBEETS	89.5 " "
COTTON	8.5 "
VEGETABLES	17.0 "
GRAPES	5.4 "
SUNFLOWERS	6.0 "
MEAT AND POULTRY	17.4 " (LIVE WEIGHT)
MILK	60.5 "
EGGS	34.3 BILLION UNITS
WOOL	511 THOUSAND TONS
FLAX	511 THOUSAND TONS

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11. TRADE OF AGRICULTURAL PRODUCTS WAS NOT INDICATED IN THE
PLAN. HOWEVER, THE ANNOUNCED 30-35 PERCENT INCREASE IN TOTAL
TRADE TURNOVER WOULD AT LEAST INDICATE MEASURED STRIDES TOWARD
INTERDEPENDENCE, AND GRAIN TRADE SHOULD SHARE IN THIS GROWTH.
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